

Assessment of payment adequacy: Inpatient rehabilitation facilities

ISSUE: Are prospective payment system (PPS) payments to inpatient rehabilitation facilities (IRFs) adequate?

KEY POINTS: To be paid as IRFs, these facilities must meet the Medicare conditions of participation for acute care hospitals. They also must meet other conditions, such as having a full time director with experience in rehabilitation of patients and a pre-admission screening process to determine that prospective patients are likely to benefit significantly from an intensive inpatient rehabilitation program. IRFs also are required to have a specified proportion of patients that have one or more specific conditions.

IRFs are paid on the basis of a prospective payment system (PPS) implemented January 2002. IRFs have been paid at 100 percent of the PPS rate since 2004.

This analytical cycle will be our first opportunity to examine the IRF PPS. At this meeting we will describe the PPS and provide Commissioners with preliminary information on three of the six factors we consider in determining whether payments are adequate:

- Changes in supply of providers,
- Changes in volume of IRFs discharges, and
- IRFs' access to capital.

In December, we will provide Commissioners with additional information.

ACTION: No decision is needed. We would appreciate comments and suggestions from Commissioners on our findings.

STAFF CONTACT: Sally Kaplan (202-220-3717)